

JUNE 20, 2016

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REGULAR MEETING

**NOW, THEREFORE, BE IT FINALLY RESOLVED:** That the Mayor and City Clerk are hereby authorized to execute the appropriate construction contract documents on behalf of the City with Bricco Excavating Co. after review and approval of the documents as to form by the City Attorney's Office.

Motion passed unanimously.

**Consent Item N. Approval of Agreement with Southfield Non-Profit Housing Corporation.** At the Committee-of-the-Whole Meeting on June 6, 2016, City Council approved the City's acquisition of forty-five (45) 2016 tax-foreclosed properties from the Oakland County Treasurer. The purpose of the acquisition is to rehabilitate and renovate these homes and then return them to productive use and purchase by individuals and families seeking housing opportunities within the City of Southfield. The program is designed to make available more owner-occupied housing opportunities within the City of Southfield and to revitalize and stabilize neighborhoods. In conjunction with the acquisition of these properties, the City intends to contract with the Southfield Non-Profit Housing Corporation (the "Non-Profit"), which will acquire the properties from the City, rehabilitate and renovate them, and, subsequently, make them available for purchase by financially qualified individuals and families. Staff has negotiated a contract with the Southfield Non-Profit Housing Corporation, pursuant to which the Non-Profit will accept title to the forty-five (45) 2016 tax-foreclosed properties from the City, renovate, repair and rehabilitate the properties, and subsequently market them for sale to qualified individuals and families. The Non-Profit will assume all costs in connection with the acquisition undertaken by the City from the Oakland County Treasurer regarding the 45 properties, and all further costs in connection with the repair, renovation, rehabilitation, marketing, and sale of the properties, in addition to all insurance and property tax expenses.

The Non-Profit will pay all costs for the 45 properties; any administrative expenses incurred by the City in connection with this program will be reimbursed to the City by the Non-Profit.

It is recommended that Council adopt the resolution authorizing the Mayor and City Clerk to sign the proposed agreement with the Southfield Non-Profit Housing Corporation on behalf of the City of Southfield, upon review and approval by the City Attorney.

2016.163 Motion by Mandelbaum; seconded by Crews.

**BE IT RESOLVED:** That City Council does hereby approve the agreement with the Southfield Non-Profit Housing Corporation, pursuant to which the Non-Profit will, at its expense, acquire the properties from the City, rehabilitate and renovate them, and, subsequently, make them available for purchase by financially qualified individuals and families;

**BE IT FURTHER RESOLVED:** That Council authorizes the Mayor and City Clerk to sign the agreement with the Southfield Non-Profit Housing Corporation on behalf of the City of Southfield, upon review and approval by the City Attorney's Office.

Motion passed (Fracassi abstained).

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Discussions ensued between Council, City Administrator, Al Accves DDA Director and NexCore Representative. NexCore is an executive team working in the healthcare real estate for over 25 years. NexCore helps develop convenient health care facilities that are connected to a health institute or hospital. There are outpatient facilities, integrated medical fitness centers, transitional rehabilitation centers and senior housing. This area currently does not have any purchase agreements but there is a lease agreement with AutoLiv which includes a 60 day notice. There are approximately 30 acres available in the Innovation District.

It is recommended that Council adopt the resolution approving a 90 day exclusive non-binding agreement with NexCore Group to perform due diligence on 25 to 30 acres located at the northeast corner of the former Northland property.

C-26-2017 Motion by Fracassi; seconded by Brightwell.

**RESOLVED:** That pursuant to Section 10 of the Rules of Procedure adopted by the Southfield City Council on February 23, 1998, Council hereby determines that there is an immediate need to act.

Motion passed.

C-27-2017 Motion by Fracassi; seconded by Brightwell.

**RESOLVED:** Amend proposed resolution to include an additional 60 days to negotiate.

Motion passed.

C-28-2017 Motion by Fracassi; seconded by Brightwell.

**RESOLVED:** That Council does hereby authorize the Mayor and City Clerk the authority to sign a 90 day exclusive non-binding agreement plus an additional 60 days to negotiate with NexCore Group following review and approval as to form by the City Attorney's Office, for the purpose of performing due diligence on 25 to 30 acres located at the northeast corner of the former Northland property, more commonly referred to as "The Innovation District".

Motion passed.

\*\*\*\* \* City Acquisition of Selected Tax-Foreclosed Properties and Sale to Southfield Neighborhood Revitalization Initiative (NRI) LLC

The Oakland County Treasurer's Office recently transmitted a list containing 71 tax-foreclosed parcels. In June, 2016, the City exercised its right of first refusal on 45 parcels and worked with the Southfield Non-Profit Housing Corporation (SNPHC). The SNPHC formed the Neighborhood Revitalization Initiative (NRI) LLC to facilitate the acquisition, environmental remediation, rehabilitation and demolition of the subject properties from the City.



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\* The SNPHC Board has reviewed the 2017 foreclosure list and is requesting assistance to acquire 56 of the 71 parcels. The SNPHC will not be acquiring the 14 vacant lots (under a separate communication, the Administration is recommending that the City acquire one parcel).

\* The SNPHC and NRI has agreed to provide the initial seed capital in the amount of \$954,814.57. These funds will allow the City to exercise its right of first refusal to acquire the 55 parcels pursuant to Public Act 206 of 1893, as amended. Additionally, the NRI will pay the outstanding summer and winter 2017 taxes and any other related tax charges. The NRI will continue to facilitate any required environmental investigation, environmental remediation, demolition (if necessary), renovation and sale of the acquired 56 properties.

Discussions ensued between Council, Mayor Siver, City Administrator Zorn and City Attorney Ward-Witkowski. Councilman Fracassi stated that he would like to see how much time is spent on this project and what the positive and negative effects are. Councilman Fracassi stated that he is not sure why the City is involved. There are also people in these houses that need to be evicted and he questioned how that is being handled.

Attorney Ward-Witkowski stated that the City has the right to purchase these homes under the statue from the County, the non-profit does not have the authority. First the City receives the title from the County, then the City will transfer the title to the non-profit. After the title is transferred the non-profit will start the eviction process.

Councilman Fracassi stated that he still would like to see how much time the City is spending on this project and is it really benefiting the City. The City has a strict rental ordinance but it still does not seem that Southfield is getting ahead.

\* Administration is recommending that in consideration of the NRI depositing the required funds in the amount of \$954,814.57 with the City prior to acquisition, that the City exercise its right of first refusal to acquire the 56 parcels listed in the "Portfolio 2017" from the Oakland County Treasurer's Office pursuant to Public Act 206 of 1893, as amended. Additionally, the NRI will continue to facilitate any required environmental investigation, environmental remediation, demolition (if necessary), renovation and sale of the acquired 56 properties.

C-29-2017 Motion by Mandelbaum; seconded by Brightwell.

**RESOLVED:** That pursuant to Section 10 of the Rules of Procedure adopted by the Southfield City Council on February 23, 1998, Council hereby determines that there is an immediate need to act.

Motion passed.